



City of Blythe

Corrective Action Plan – Update September 2022

Response to State Auditor's Report 2020-802

**“Inadequate Planning and Other Ineffective Management Practices Hinder
Its Ability to Provide Needed Services to Its Residents”**

September 23, 2022

Elaine M. Howle, CPA
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

**Re: Corrective Action Plan – Update September 2022 – State Auditor's Report 2020-802:
“The City of Blythe: Inadequate Planning and Other Ineffective Management Practices
Hinder Its Ability to Provide Needed Services to Its Residents”**

Dear Ms. Howle:

Enclosed, please find the City of Blythe's six-month update to the Corrective Action Plan in response to the above-referenced State Auditor's report as required by California Code of Regulations, Title 2, section 61140. As detailed in the enclosed update and in the City's Corrective Action Plan submitted on May 20, 2021 and in the City's updates provided on September 23, 2021 and March 23, 2022, the City has implemented a number of items identified in the State Auditor's report. I believe you will be pleased with the progress made to comply with the findings of the report since it was issued on March 23, 2021 and since the City's last update.

Should you have any questions, please feel free to contact me via email at msutterfield@cityofblythe.ca.gov.

Sincerely,

Mallory Crecelius
Interim City Manager

AUDIT ISSUE: BLYTHE'S FINANCIAL STABILITY REMAINS UNCERTAIN EVEN WITH RECENT IMPROVEMENTS

State Auditor's Recommendation No. 1: *To ensure that the City is able to continue increasing the funds in its General Fund and thereby operate with an adequate reserve, Blythe should develop a plan to ensure it has needed resources in the event that revenues from the sales tax and commercial cannabis activities are below estimates.*

September 2022 Update: None. This recommendation has been fully addressed.

State Auditor's Recommendation No. 2: *To attract retail businesses and increase revenue, the City should develop a plan to engage with stakeholders, such as City residents and local business owners, to initiate a formal economic development effort.*

September 2022 Update: As mentioned in the City's previous update, in January 2022, the City entered into a three-year agreement with Retail Strategies, LLC to attract new retail development to the City. Since then, Retail Strategies has marketed Blythe. Retail Strategies has acknowledged interest in the Blythe market from three national retailers. Conversations with potential developers continue. The City will continue its on-going economic development efforts.

State Auditor's Recommendation No. 3: *To ensure that the City is adequately prepared to address long-term financial, budgetary, and operational challenges—such as deteriorating infrastructure—it should develop a five-year strategic plan by June 2022. Following the GFOA guidance, this strategic plan should define the City's priorities, adopt a small number of broad goals, establish agreement about intended outcomes, and outline strategies and actions that align with these priorities and goals. The strategic plan can be separate from the other plans recommended in this report, or the City can choose to include elements of the other plans in its strategic plan.*

September 2022 Update: The City will work to develop a strategic plan by June 2023.

AUDIT ISSUE: BLYTHE MUST ADDRESS DEFICITS IN ITS ENTERPRISE FUNDS AS WELL AS UNMET SAFETY AND INFRASTRUCTURE NEEDS

State Auditor's Recommendation No. 1: *To ensure that the City is accurately representing its financial condition, it should record its internal loans to the golf course, trash collection, and lighting district funds as transfers. The City should include these updated transactions in its Fiscal Year 2021-22 financial statements.*

September 2022 Update: None. As indicated in the City's previous updates, the City does not agree with the State Auditor's opinion that the deficits should be recorded as internal loans, beginning with the Fiscal Year 2021-22 Financial Statements. The City will not record these deficit fund positions as internal loans as recommended.

State Auditor's Recommendation No. 2: *To eliminate its outstanding golf course loan owed to the Successor Agency, by June 2021 the City should adopt a payment schedule for paying down the loan in a timely fashion.*

September 2022 Update: None. This recommendation has been fully addressed.

State Auditor's Recommendation No. 3: *To better assess the Police Department's efficiency and effectiveness, the City should follow through with its plan to reapply to obtain management consulting services from the commission.*

September 2022 Update: None. This recommendation has been fully addressed.

State Auditor's Recommendation No. 4: *To ensure that Blythe Fire Department has equipment that meets industry standards, the City should develop a long-term plan to schedule and fund replacement of its fire vehicles.*

September 2022 Update: As indicated in previous reports, The City has allocated funding for safety equipment. To address the long term and on-going needs of the Fire Department, City staff will prepare a vehicle and equipment replacement schedule. The schedule will aim to replace the City's fleet in accordance with industry standards.

State Auditor's Recommendation No. 5: *To address the risks associated with its high vacancy rate, the City should identify initiatives it could implement—such as programs to demolish or rehabilitate vacant buildings—to reduce the number of vacant buildings. To support its effort, the City should identify and apply for available federal, state or county grants.*

September 2022 Update: None. The City continues its on-going efforts to address vacant and blighted buildings.

AUDIT ISSUE: THE CITY NEEDS MORE EFFECTIVE MANAGEMENT PRACTICES TO IMPROVE ITS FINANCIAL STABILITY AND ITS ABILITY TO PROVIDE SERVICES TO RESIDENTS

State Auditor's Recommendation No. 1: *To ensure that the City is adequately recovering its costs of providing services to residents, it should develop a policy to assess the need to update its utility rates and service fees at least every five years and adjust them if necessary.*

September 2022 Update: None. This item has been fully addressed.

State Auditor's Recommendation No. 2: *To ensure that it can effectively monitor contracts, the City should develop procedures to clearly identify in its financial system the contract authority for a contract-related purchase and procedures to close out expired contracts.*

September 2022 Update: None. As outlined in the City's previous updates, this item has been addressed.

State Auditor's Recommendation No. 3: *To ensure that it can properly manage its contracts, City management should develop a system for tracking contracts that identifies the total contract amount, the time period and any relevant special terms.*

September 2022 Update: None. As outlined in the City's previous updates, this item has been addressed.

State Auditor's Recommendation No. 4: *To ensure that changes to contracts are appropriate, City management should develop a policy that provides guidance for making changes to existing contracts and clearly establishes roles, responsibilities, and approval authority for designated city representatives.*

September 2022 Update: None. As outlined in the City's previous updates, this item has been addressed.

State Auditor's Recommendation No. 5: *To ensure that the City has a critical administrative component in place that will allow it to plan its next steps to improve its financial stability and continue providing services to residents, it should begin the process for hiring a permanent city manager by June 2021.*

September 2022 Update: It is anticipated that the City will begin the process for hiring a permanent City Manager in early 2023.